Kenya's Social Policy Response to Covid-19: Tax Cuts, Cash Transfers and Public Works

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Content

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Marion Ouma*

Abstract

This report summarises and analyses Kenya's social policy response to Covid-19. Following the global outbreak of the pandemic, Kenya's parliament passed several economic and social laws. Tax law amendments aimed to cushion citizens and businesses from the negative effects of the disease by increasing household income for basic needs and enabling businesses to remain in operation. Other significant measures instituted were social protection interventions in the form of cash transfers and public works programmes targeted to poor and vulnerable households. Kenya's social policy response to the pandemic followed a continuity path of minimal state provisioning. The government's overreliance on cash transfers as the major form of social policy intervention resulted in an inadequate, exclusionary and ill-suited response.

Introduction

Kenya's Ministry of Health reported the first confirmed case of Covid-19 in Kenya on 13 March 2020 (MOH 2020). Following, the Government of Kenya (GOK) started implementing measures to curb the spread of the pandemic. The initial government response focused on the health effects of the virus. Public health precautions included recommendations to maintain hygiene, keep social distance and seek medical help in case of respiratory infections. Other health-related measures included enforcements to wear masks. Medical and health responses aimed to slow transmission, infection and death rates resulting from the virus. By 3 January 2021, the government had confirmed 96,802 cases of Covid-19, with 79,802 recoveries and the total reported deaths stood at 1,685.[1] In his address on 25 March 2020, President Uhuru Kenyatta announced a raft of measures for physical distancing and movement restrictions. These measures included cessation of movement between counties, a 7 pm to 5 am curfew, work-from-home measures, closure of educational facilities, hotels and restaurants and the air space. The lockdown measures resulted in immediate closure or slowdown of some sections of the service sector including hotels and airlines. The curfew reduced working hours while other businesses opted to shut down. As of April, travel restrictions (in and out) were imposed in the most affected counties of Nairobi, Mombasa, Kilifi and Kwale counties. The service industry including tourism, hospitality and travel suffered as a result of the lockdown.

Early lockdown measures announced by the government slowed down infection rates and deaths but on the other hand occasioned negative social and economic effects. Job and livelihood losses strained social life and coping mechanisms of many households already affected by years of economic decline. As a result, poverty has been on the rise. Before the pandemic, poverty rates had declined (KIHBS, 2016), however following the effects of the pandemic absolute poverty has increased from 36.1% to 41.9% (Nafula et al., 2020). The increase in poverty levels has reversed gains previously achieved with the number of individuals and households falling into poverty rising. According to the World Bank, Kenya has an additional two million new poor resulting from the loss of income and jobs (World Bank, 2020). Disruptions in trade and travel as well as the containment measures

1 In 2019, Kenya's GDP per capita was USD 2,048 and its population was 47 million.

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resulted in an increase in unemployment. The Kenya National Bureau of Statistics estimated that the unemployment rate almost doubled to 10.4% in the second quarter of 2020 (KNBS, 2020). Losses of income are not just a result of job losses but also arise from non-labour income like remittances and rent. The loss of income from both labour and non-labour sources is estimated to amount to 11.7% of Gross Domestic Product (GDP), equivalent to KES 49.1 billion (Nafula et al. 2020). To cope with the loss of income, families in both rural and urban areas have reduced their food consumption, relied on their savings, reduced non-food consumption and acquired more credit (Fiorella et al. 2020; World Bank 2020)

In response to anticipated income losses, the president announced several economic and social policy measures to mitigate the negative consequences of the containment measures (GOK, 2020). To ensure a multi-agency approach to handling the pandemic, the president set up the National Coordination Committee on the Response to the Corona Virus Pandemic to assess the impact of the virus and recommend mechanisms to get the economy back on track. Cognisant of the long-term effects of the pandemic as well as anticipated economic and social losses, experts called for the government to intervene and set up protective measures for households and individuals (Ndii, 2020). Parliament passed the Tax Laws Amendment Bill 2020 on 25 April 2020 which amended amongst others the Income Tax Act and the Value Added Tax Act of 2013. Other significant measures instituted were social protection interventions in the form of cash transfers and public works programmes targeted at poor and vulnerable households.

This report discusses Kenya's social policy response to the Covid-19 pandemic. It focuses on social protection schemes and in particular cash transfers which formed the major social policy response in terms of budget allocation. Beyond highlighting the policy response, the report also offers a critique of the scheme as implemented by the government.

Political and Socioeconomic Context

Elections in Kenya are characterised by rhetoric from political parties competing on the platform of raising Kenyans' living standards. Still, at the onset of the Covid-19 pandemic in Kenya, the country was already experiencing political and economic challenges. Following the controversial 2017 presidential election, contestations continued to characterise the political space (Mutahi & Ruteere, 2019). The Jubilee Alliance presidential aspirant and incumbent, President Uhuru Kenyatta, was declared president after his main rival, Raila Odinga of the National Super Alliance (NASA), boycotted the repeat election. A truce brokered between the president and the opposition candidate Raila Odinga, dubbed the Building Bridges Initiative (BBI), helped calm political tension emanating from the contentious election results. However, the initiative created a fissure between the president and his deputy leading to internal struggles and a fallout within the ruling party, the Jubilee Alliance. The deepened political divide in the Jubilee Alliance resulted in the removal of the National Assembly Majority Leader and the Senate Deputy Speaker. Other changes in the legislative bodies included ejection of members considered to be opposed to the new political arrangements from various parliamentary committees. Amongst the BBI's recommendations is the proposal to hold a national referendum to amend sections of the Constitution of Kenya. The push towards the constitutional amendments and the referendum have further widened political divisions. Despite the ban on social, religious and political gatherings during the pandemic, both sides of the political divide have continued to hold campaigns and rallies in different parts of the country. Civil society and members of the public have called out politicians as these events have fuelled the spread of the virus.

As the impacts of Covid-19 continue to grow, so does the turbulence in the economy. Trends in GDP show that the economy registered growth of 5.7% in 2015 and 6.4% in 2018, but at the onset of the pandemic this upward trajectory has since been revised to 1.7% for 2019 (KIPPRA, 2019). Even before the global pandemic, slowed economic growth was already imposing constraints on government spending. With a spending deficit, the government has depended on debt to meet its objectives (Irungu, Cevallier and Ndiritu, 2020). Corruption in the public sector and heavy borrowing have exacerbated the budget deficit. Job losses have been common, with a majority having to depend on the informal sector to eke out a living. The informal sector constitutes the largest share of Kenya's working population and is estimated at 15.1 million people (Kenya National Bureau of Statistics, 2020). Informality in labour has increased following decades of growing unemployment in the formal job sector, resulting in a large precarious group of workers

Social Policy

Political and economic structures have a bearing on social policy regimes and choices. Social policy in Kenya is characterised by limited, market-centric and targeted provisions. Government investment in social policy over the years has been unstable. Overall, investment in social policy has been minimal. The continuity of limited government provision follows a historical path. With the retreat of the state following structural adjustment policies (Shivji, 2009), citizens are expected to access most public and social services like education, health and social protection through markets. To access social provisions, the government requires citizens to participate in development with the financial responsibility of access resting on individuals (O'Brien and Ryan, 2001; Chinsinga, 2004; Murunga, 2004;). Individuals and households are therefore expected to provide for their own social needs. In cases where they are unable to do so, the burden falls on kin and family.

Following recent global social policy trends, Kenya like other countries on the continent has adopted social protection policies and programmes. According to the Kenyan government, social protection refers to "... policies and actions, including legislative measures, that enhance the capacity of and opportunities for the poor and vulnerable to improve and sustain their lives, livelihoods, and welfare, that enable income-earners and their dependants to maintain a reasonable level of income through decent work, and that ensure access to affordable healthcare, social security, and social assistance" (Government of Kenya, 2011).

The institutionalisation of cash transfer schemes has been rapid. With support from international organisations the government started the Cash Transfer for Orphans and Vulnerable Children in 2004 reaching only 500 households at the time. Other targeted benefits to older persons, persons with severe disabilities and in arid areas of Northern Kenya started thereafter. The programmes fall under the National Safety Net Programme, *Inua Jamii*, and reaches 1,094,372 households spread across the country. Cash transfer schemes currently constitute the core of the government's social policy regime. Besides their promotion as an antidote for poverty and inequality, proponents tout cash as the most effective intervention to reach those in need in times of a crisis or when shocks hit. It is upon these notions that the Government of Kenya's social policy response at the time of the pandemic is premised.

Kenya's Social Policy Response

As mentioned, the Government of Kenya adopted several social policy interventions to cushion its citizens against the social and economic effects of the pandemic, announcing various policy measures and a financial stimulus package. Key amongst these was the Tax Law (Amendment) Act, 2020 which the president signed into law on the 25 April 2020 following assent in parliament. The amendments related to tax laws included: a) Income Tax Act (CAP470), b) Value Added Tax (VAT) Act of 2013, c) Excise Duty Act (2015), d) Tax Procedures Act (2015) e) Miscellaneous Levies and Fees Act 2016, f) Retirement Benefits Act (1997) and g) Kenya Revenue Authority Act (1997).

The amendments to the tax laws aimed at increasing household incomes (GOK, 2020) and had a bearing on social policy. Through the amendments on income tax, the government enacted 100% tax relief for individuals earning a gross monthly income of KES 24,000 or less. The income tax rate (Pay-as-You-Earn – PAYE) was also reduced from 30% to 25%. Those earning more than KES 24,000 benefitted from an increased personal relief from KES 16,896 to KES 28,000 and a reduced tax rate of 25%. The amendments aimed to increase disposable income and enable households to purchase essential goods. However, the amendments favoured high income earners as they benefitted more from the cut in the top tax rate from 30% to 25%. Through the amendments, Value Added tax (VAT) was reduced from 16% to 14%. This reduction had a greater effect than the income tax amendment as a wider section of the population benefitted (Nafula et al., 2020).

Micro-, small and medium-sized enterprises (SMEs) received a tax break in the form of a reduction in turnover tax rate from 3% to 1%. Small businesses with an annual income of less that KES 500,000 were also exempted from presumptive tax, and the corporate tax was reduced to 25% for all resident corporations. These measures aimed to enable households dependent on SMEs to cope with loss of business and to help companies retain employees during the pandemic (GOK, 2020). In May 2020, the government further announced a post-Covid-19 economic stimulus package of KES 53.7 billion (USD 503 million) to provide credit and loans to small businesses and tourist facilities.

Kenya, like most governments, instituted social protection measures with cash transfers as the widely applied instrument. By July 2020, 200 countries had some form of cash transfers as income replacement to cushion households from the effects of the pandemic (Gentilini et al., 2020). Governments have increased the transfer amount, expanded existing programmes or instituted new cash transfers as income replacement. In Kenya, cash transfers formed the core government social policy response. The president announced an Emergency Cash Transfer Fund of KES 10 billion for cash transfers (equivalent to 0.03% of GDP) additional to the existing *Inua Jamii* programme (GOK, 2020). Additional funding for cash transfers was made available through the Covid-19 Emergency Fund for households in urban areas adversely affected by the pandemic. The expansion of the cash transfer programme included targeted payments of KES 4,000 to households in urban areas for three months. Payments under the *Inua Jamii* programme are made through banks, while the payments from the emergency fund were through the mobile phone app, mpesa. To date, there is little data showing which households received the cash and how they were selected. Also there have been reports of ill coordination and allegations of misappropriation of funds. It is thus difficult to assess the impact and the effectiveness of the interventions.

Besides the expansion of cash transfer benefits, another social protection measure implemented by the government was a public works scheme, the National Hygiene Programme (*Kazi Mtaani*). The public works programme was designed as a response strategy to cushion the most vulnerable but able-bodied youth while they provided labour for public goods.[2] The pilot programme started on 29 April 2020 and ended in June 2020, providing approximately 26,000 youth in 8 counties with 22 days of labour. An allocation of KES 1.6 billion was made in the first phase (Nafula et al., 2020). The second phase of the programme was rolled out in July 2020 to run for 6 months in 34 counties. The number of those enrolled in this second phase was 341,958 youth.

Recent adoption of social protection policies has however been skewed towards cash transfers with little attention being paid to other social protection instruments like public health and social insurance. The Big Four Agenda[3] prioritises the governments visions towards the attainment of universal healthcare, offering much needed political support for the social policy plan. Towards this end, the government has made reforms to the National Health Insurance Fund (NHIF) including raising premium contributions, expanding benefits and introducing new provider payments (Kabia et. al, 2018). Previous efforts at establishing a universal healthcare scheme have been slow and truncated due to limited political support. Since 2018, the government has piloted the Universal Health Care programme in four counties (Machakos, Nyeri, Isiolo and Kisumu) but efforts to extend the programme to other counties have been derailed because the government reduced the allocation to the UHC programme by KES 11 billion through the Supplementary (Covid-19) Estimate No. 2.[4]

Limitations of Kenya's Policy Response

The following section offers a critique of the Government of Kenya's social policy response. As the largest social policy intervention by the government, the cash transfer scheme however faced some limitations which may have compromised its effectiveness in addressing social needs brought about by the pandemic. The three main shortfalls discussed below are: challenges involved in targeting, the insufficiencies of relying on cash transfers and the inadequacies of cash transfers

Challenges involved in targeting

The emergency cash transfers, just like *Inua Jamii*, were targeted and not universal, even as more households and individuals needed assistance. With regard to targeting, it is unclear which households received the cash benefits. A study conducted in the urban informal settlements suggests that respondents indicated that few of them had received in-kind or cash transfer support from the government (Population Council 2020). Targeting of social assistance is often problematic. First, it excludes and misses out other people in need. Second, even under normal circumstances targeting is a complex procedure requiring time and involves complicated bureaucratic proce-

2 https://housingandurban.go.ke/national-hygiene-programme-kazi-mtaani/.
3 https://monitoring.planning.go.ke/wp-content/uploads/2020/10/Big-Four-Agenda-Report-2018_19.pdf
4 http://www.parliament.go.ke/covid-19-mixed-bag-realization-uhc

dures. Moreover, targeting requires more administration and funding than universal programmes (Mkandawire, 2005a). In a crisis such as the one brought about by Covid-19, targeting is complex as the shocks and risks are covariate. When many people are affected by the same shock at the same time, selecting the 'right people' is a difficult, arbitrary and opaque process. Even when selection relies on existing social registers, targeting is imperfect as newly vulnerable people may be excluded. Existing social registries are unreliable sources to decide who receives benefits during a pandemic.

Several blind spots are evident with the government's targeting mechanism. Vulnerability changes often, particularly in times of collective risks as people are affected differently. Conventional ways of defining the vulnerable are therefore inadequate in selection processes. The current targeting criteria focus on providing for the categories previously defined as vulnerable – women, children, individuals with disabilities, youth and older people (GOK, 2016). Other categories like informal workers who depend on precarious work were easily excluded from such provisions. With the informal labour market dominating in Kenya, most people engage in temporary insecure jobs with unsustainable incomes and no insurance. A universal scheme or schemes attentive to the structure of the working class and their sources of livelihood would ensure assistance from which workers in informal labour also benefit. Targeting also often ignores gender roles, particularly those borne by women. Pandemics have differential impacts on women and men (Kithiia et al., 2020). Women, who take on the majority of care work, bore a greater burden of care with schools closed and children at home (Special Rapporteur on Extreme Poverty and Human Rights, 2020). Unpaid care work can be negative for women's economic opportunities especially if they are involved in precarious jobs. Further, as women are more highly represented in informal work their income and jobs are more vulnerable to disruptions brought by the virus (KNBS, 2020).

A shift from targeting to universal benefits is needed during the pandemic and afterwards. While providing assistance to a select group of people considered vulnerable is important, targeted benefits cannot adequately protect from covariate risks. There are certain aspects that an individual cannot provide for themselves regardless of income status and therefore a shift towards collective provision rather than individual income provides better coverage.

Overreliance on cash transfers

The magnitude of suffering brought about by the pandemic is massive and diverse. Despite the severity of the situation, the government still depends on cash transfers to address the diversity of the present challenge and future uncertainty. By prioritising cash as the primary form of social assistance and social protection, the government has demonstrated its inclination for using a simple tool to deal with a major crisis. The rapid rise of cash transfer schemes globally points to the preference for cash transfers as cash is considered simple to administer, gives people freedom to choose and therefore is efficient in meeting the needs of the people. While some aspects of the argument are plausible, the argument for cash transfers easily distracts from other important social policy tools. No doubt cash is an important tool at this moment. However, the overreliance on one single form of social protection overlooks other necessary services required to deal with the pandemic. The hype around cash transfers often delinks them from other social policy instruments by casting cash as a "silver bullet". The result is an overamplification of the sole instrument over other social policy tools. Cash transfers however are a part of social assistance programmes which together with social insurance and labour market interventions are segments of social protection (UNRISD, 2006). Social protection in turn is a microcosm of social policy which includes services such as education, health, housing, water and sanitation and public services.

While funding for cash transfers in Kenya has risen since 2004 as mentioned above, the government continues to underfund other aspects of social policy. The health sector, the most crucial in times of Covid-19, has however suffered from years of underinvestment following years of neoliberal policies (Mkandawire, 2005b). With the pandemic, the health system was unprepared and ill-equipped to handle the influx of patients. The underfunding of social services rendered it insufficient to meet needs like health. With plans for expanding the Universal Health Care (UHC) to additional counties not going as originally planned, the shift to a long-term strategic response to healthcare is far from being attained. The pilot programme for the UHC began in 2018 and was expected to expand in 2020, but government has since suspended the expansion. While budget support for healthcare increased this year to deal with the pandemic, the failure to implement a nationwide UHC demonstrates failure by the government towards an inclusive social policy agenda. The government is yet to develop a long-term financial strategy to support the UHC scheme (Oraro-Lawrence & Wyss, 2020). By providing universal healthcare, most workers would have had greater confidence to return to work and engage in livelihood activities knowing that if they fell ill, their costs would be covered. Families receiving cash would have used the money for other needs like food. Considering the loss of income, many people feared falling ill as they could not afford treatment. In a system where healthcare is accessed through out-of-pocket expenses, some who fell ill may have decided to self-medicate. Also, when the health system is encumbered with financial barriers even cash transfer beneficiaries can lack access.

Without a proper social policy regime, cash is inadequate in cushioning people from risks. Providing cash when other basic services like health, water and sanitation are inaccessible is inapt. Government should rethink the current social policy paradigm and move beyond reactive social protection tools such as cash transfers which provide limited protection and prevention during a pandemic. Arguments based on limited fiscal room for manoeuvre for universal schemes like the UHC are political decisions rather than affordability considerations. Governments can fund healthcare and balance economic measures at the same time. Moreover, funding for healthcare is an investment and not an expenditure.

Inadequacies of cash transfers

The transformative power of cash transfers depends on their size. Size of transfer is a function of government spending and the ideological framing that underpins the decision to institute cash transfers. Often amounts paid as cash transfers are inadequate to offer full protection and provision to households. The *Inua Jamii* programme pays KES 2,000 per month, with payments remitted bi-monthly. The amount has remained the same over the years despite inflation. Through the Emergency Fund cash transfer, the government paid KES 2,000 weekly per households. The measure upon which the amount is pegged is unclear. When based on income replacement logic, the amount falls short as the average wage for unskilled workers is KES 9,014 per month (KNBS, 2020). The insufficiency of the amount forces even those receiving the benefit to continue working to supplement their needs, thereby risking exposure to the virus.

The government's plan to provide temporary payments of small amounts is maladapted to the current situation where more than cash is needed. Short-term and temporary measures are insufficient to cushion from loss of livelihood. An appropriate social policy response needs to meet the diversity of citizens' need, serving multiple functions beyond protection. Managing a health, economic and social crisis requires a diverse arsenal of policy instruments to prevent households from falling into poverty and to protect them from further risks. Increased funding for schools to improve sanitation for example is important to prepare schools for reopening. A further social effect of the pandemic that the government has failed to address, which cannot be addressed by cash transfers, is the high number of pregnant girls who may fail to return to school. Evidently, cash alone is insufficient for meeting multiple needs, hence the imperative is for diversity in social policy response.

As mentioned above, Kenya's social policy and welfare regime are market-centric with minimal government intervention in the provision of public goods. Households rely on family and kin in times of shocks. Cash transfers remain popular amongst the political class. Sentiments on social media suggest that citizens too prefer cash transfers compared to other forms of transfer and have continually called for increases in transfers and support during the period of the pandemic. Exclusion remains a challenge in the implementation of social protection programmes.

Conclusion

As a response to the economic and social effects of Covid-19, the government instituted several social policy interventions to protect the population. These included cuts in taxes, provision of cash transfers and implementation of a public works programme. The cash transfer and the public works schemes were targeted, thereby demonstrating the continuity of limited and targeted provision. Targeting of schemes is however inadequate for addressing the needs and imperatives brought about by Covid-19. For Kenya to emerge out of the pandemic and its effects better, the government needs to reimagine a different social policy paradigm. An articulation of social policy rooted in norms of solidarity rather than individualistic principles is important in meeting the needs of people during and after the pandemic. Guided by principles of universality, solidarity and sustainability, government should shift from short-term and reactive policymaking to more long-term inclusive policies. The current social policy response promotes self-provision and drives the vulnerable to markets. However, markets are imperfect for social service provisioning as they create different levels of access thereby compromising quality, equity and solidarity in social provision. Fears abound that the current crises might accelerate rather than decrease dependency on markets thereby strengthen capital's grip on society. With increased constraints on fiscal room for manoeuvre, political elites need to make choices to expand social services like health. By adopting comprehensive responses, the government can transform society through social policy that enhances production, protection, reproduction, redistribution and social cohesion (Adésínà, 2011; UNRISD, 2006). To achieve this transformation, the political class needs to be bold in implementing the reforms needed in the social policy sector.

The crisis presents an opportune moment for the government to re-examine the country's social policy regime. Countries that have handled the crisis better had broad-based social policy architectures in place before the pandemic. A much-needed social policy programme is a universal healthcare scheme. With a focus on the health crisis, and the pilot scheme under implementation, the groundwork for a universal healthcare scheme is feasible. Prioritising cash transfers over other social policy instruments risks undermining the momentum for a broad-based social policy required to deal with the effects of the pandemic. We need to rethink the current design that narrows social protection and safety nets for the poorest. As much as debates on universalism of social policy focus on affordability constraints, governments can manage financing by prioritising social policy in political agendas. Citizens on the other hand can form strategic alliances to strongly back reforms (Hujo, 2012). In a country where a majority engage in precarious labour markets with inadequate social protection support, government universal provisions are important in addressing the needs of many. Collective provision of social policy is needed to address the deficiencies. Individual income cannot provide immunity during pandemics. Social insurance schemes and adoption of decent work standards can further promote stable employment for women. Expanding unemployment insurance programmes like maternity benefits can help correct gender inequalities.

Lastly, the pandemic provides an opportunity for brave social policymaking. Perhaps at no moment in history has there been a greater need for governments to broaden social policy regimes. With the Western countries and other actors dealing with the effects of the pandemic in their own countries, Kenya, which is heavily influenced by transnational actors in policymaking (Ouma & Adésínà, 2019), has an opportunity to craft policies relevant for its needs. With increased policy space, government now has the space to reimagine a different social policy for Kenya.

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Appendix 1: Social Policy Developments in Response to Covid-19 by Policy Area (Kenya, January–September 2020)

	Policy Area	Pensions	Healthcare	Long-term care and disability	Labor market	Education
(1)	Have there been any significant legislative reforms in the indicated policy area during the indicated time period?	No	No	No	No	No
(2)	If (1) yes, have any of these reforms been explicit responses to the Covid-19 pandemic?	N/A	N/A	N/A	N/A	N/A
(3)	If (2) yes, has there been significant regional variation in the implementation of these reforms?	N/A	N/A	N/A	N/A	N/A
(4)	Have subnational governments enacted any significant legislative reforms in the indicated policy area during the indicated time period?	N/A	N/A	N/A	N/A	N/A
	Policy Area	**Family benefits**	**Housing**	**Social assistance**	**Other***	
(1)	Have there been any significant legislative reforms in the indicated policy area during the indicated time period?	No	No	Yes	Yes	
(2)	If (1) yes, have any of these reforms been explicit responses to the Covid-19 pandemic?	N/A	N/A	Yes	Yes	
(3)	If (2) yes, has there been significant regional variation in the implementation of these reforms?	N/A	N/A	No	No	
(4)	Have subnational governments enacted any significant legislative reforms in the indicated policy area during the indicated time period?	N/A	N/A	No	No	

* Legislative reforms in other policy areas explicitly aimed at social protection, e.g. food subsidies or tax cuts aimed at social protection.

Appendix 2: Social Policy Legislation in Response to Covid-19 (Kenya, January–September 2020)

Note: This appendix covers all national social policy legislation published between 1 January 2020 and 30 September 2020.

Law 1		
(1)	Number of law	Not Applicable
(2)	Name of law (original language)	Tax Laws (Amendment Bill) 2020
(3)	Name of law (English)	Tax Laws (Amendment Bill) 2020
(4)	Date of first parliamentary motion	14 April 2020
(5)	Date of law's enactment	25 April 2020
(6)	Date of law's publication	25 April 2020
(7)	Is the Covid-19 pandemic explicitly mentioned as a motivation in the law or any accompanying text?	Yes
(8)	Was the Covid-19 pandemic a motivation for the initial parliamentary motion for this law?	No
(9)	Was the Covid-19 pandemic a motivation for a significant revision of the legislative project after the initial parliamentary motion?	Yes
(10)	Note on (7)-(9)	The amendments related to tax laws included: a) Income Tax Act (CAP470), b) Value Added Tax (VAT) Act of 2013, c) Excise Duty Act (2015), d) Tax Procedures Act (2015) e) Miscellaneous Levies and Fees Act 2016, f) Retirement Benefits Act (1997) and g) Kenya Revenue Authority Act (1997).
(11)	Was this law a legislative package that contained multiple social reform components?	Yes
(12)	If (11) yes, how many distinct social reform components did it contain?	2

Law 1: Component 1		
(13)	Policy Area	Other (Legislative reforms in other policy areas explicitly aimed at social protection (e.g. food subsidies or tax cuts aimed at social protection)
(14)	Brief description of reform component	Income Tax Act (CAP470): 100% tax relief for individuals earning a gross monthly income of KES 24,000 or less. Income tax rate (Pay-as-You-Earn – PAYE) was also reduced from 30% to 25% . Those earning more than KES 24,000 benefitted from an increased personal relief from KES 16,896 to KES 28,000 and a tax rate reduction to 25%. The amendments aimed to increase disposable income and enable households to purchase essential goods.
(15)	Change in coverage of existing benefits?	Not Applicable
(16)	Duration of coverage change?	Yes
(17)	*If fix-term*, duration in months	Nine months
(18)	Note on (15)-(17)	A revision was enacted on the tax amendments with a view to return the tax rates for income tax and corporate tax to pre-April rates.
(19)	Change in generosity of existing benefits?	Not Applicable
(20)	Duration of generosity change?	Don't know
(21)	*If fix-term*, duration in months	Not applicable
(22)	Note on (19)-(21)	Not applicable
(23)	Introduction of new benefits?	Don't know
(24)	Duration of new benefits?	Don't know

Law 1: Component 1		
(25)	*If fix-term*, duration in months	Not applicable
(26)	Note on (23)-(25)	
(27)	Cuts of existing benefits?	No
(28)	Note on (27)	Not applicable
(29)	Estimated cost of reform in 2020 (national currency)	
(30)	Estimated cost of reform in 2021 (national currency)	Don't know
(31)	National Currency Code (ISO 4217)	KES 404
(32)	Source of cost estimation	News report
(33)	Note (29)-(31)	
(34)	If the implementation of the reform should already have started, has the reform been implemented?	completely

Law 1: Component 2		
(13)	Policy Area	Other (Legislative reforms in other policy areas explicitly aimed at social protection (e.g. food subsidies or tax cuts aimed at social protection)
(14)	Brief description of reform component	Value Added Tax (VAT) Act of 2013. Through the amendments, value added tax (VAT) was reduced from 16% to 14%. This reduction had a greater effect than the income tax amendment as a wider section of the population benefitted
(15)	Change in coverage of existing benefits?	Not Applicable
(16)	Duration of coverage change?	Yes
(17)	*If fix-term*, duration in months	Nine months
(18)	Note on (15)-(17)	The amendments made to the VAT law were revised back to 16% in January 2021.
(19)	Change in generosity of existing benefits?	Not Applicable
(20)	Duration of generosity change?	Don't know
(21)	*If fix-term*, duration in months	Nine months
(22)	Note on (19)-(21)	Not applicable
(23)	Introduction of new benefits?	Yes
(24)	Duration of new benefits?	Fix-term
(25)	*If fix-term*, duration in months	Nine months
(26)	Note on (23)-(25)	The reform was in relation to VAT reduction. It is difficult to quantify how much that translates into.
(27)	Cuts of existing benefits?	No
(28)	Note on (27)	Not applicable
(29)	Estimated cost of reform in 2020 (national currency)	Don't know
(30)	Estimated cost of reform in 2021 (national currency)	Don't know
(31)	National Currency Code (ISO 4217)	KES 404
(32)	Source of cost estimation	News report
(33)	Note (29)-(31)	The laws were revised back to the previous VAT rate. The VAT reduction does not apply in 2021.
(34)	If the implementation of the reform should already have started, has the reform been implemented?	completely

Law 2		
(1)	Number of law	No 18 of 2012
(2)	Name of law (original language)	The Public Finance Management (Covid-19 Emergency Response Fund) Regulations, 2020
(3)	Name of law (English)	The Public Finance Management (Covid-19 Emergency Response Fund) Regulations, 2020
(4)	Date of first parliamentary motion	14 April 2020
(5)	Date of law's enactment	01 April 2020
(6)	Date of law's publication	01 March 2020
(7)	Is the Covid-19 pandemic explicitly mentioned as a motivation in the law or any accompanying text?	Yes
(8)	Was the Covid-19 pandemic a motivation for the initial parliamentary motion for this law?	No
(9)	Was the Covid-19 pandemic a motivation for a significant revision of the legislative project after the initial parliamentary motion?	Yes
(10)	Note on (7)-(9)	The aim is to establish a fund to be known as the Covid-19 Emergency Response Fund. The object and purpose of the fund shall be to mobilise resources for emergency response towards containing the spread, effect and impact of the Covid-19 pandemic. Amongst the purposes of the fund shall include to fund programmes and initiatives towards cushioning and provision of emergency relief to the most vulnerable, older and poor persons in urban informal settlements.
(11)	Was this law a legislative package that contained multiple social reform components?	No
(12)	If (11) yes, how many distinct social reform components did it contain?	1

Law 2: Component 1		
(13)	Policy Area	Social assistance
(14)	Brief description of reform component	To fund programmes and initiatives for cushioning and provision of emergency relief to the most vulnerable, older and poor persons in urban informal settlements.
(15)	Change in coverage of existing benefits?	Expansion
(16)	Duration of coverage change?	Yes
(17)	*If fix-term*, duration in months	Four months
(18)	Note on (15)-(17)	The expanded cash transfer, the Emergency Fund, was to be paid out to households for an initial four months.
(19)	Change in generosity of existing benefits?	Expansion
(20)	Duration of generosity change?	Fix-term
(21)	*If fix-term*, duration in months	4
(22)	Note on (19)-(21)	Households were to receive cash transfers for four months.
(23)	Introduction of new benefits?	Yes
(24)	Duration of new benefits?	Fix-term
(25)	*If fix-term*, duration in months	4
(26)	Note on (23)-(25)	Cash transfers were made to households. Initial plans indicate four months.
(27)	Cuts of existing benefits?	No
(28)	Note on (27)	Not applicable
(29)	Estimated cost of reform in 2020 (national currency)	I don't know
(30)	Estimated cost of reform in 2021 (national currency)	I don't know
(31)	National Currency Code (ISO 4217)	KES 404
(32)	Source of cost estimation	Law

Law 2: Component 1		
(33)	Note (29)-(31)	It is not clear how much was allocated
(34)	If the implementation of the reform should already have started, has the reform been implemented?	to a large degree